

## B. Summary of foreign laws and regulations

A summary below of the major differences between the HK Listing Rules and the SGX Listing Manual, certain applicable laws and regulations of Singapore and Hong Kong, the takeover rules under the Singapore Code on Take-overs and Mergers (the “**Singapore Takeovers Code**”), the Codes on Takeovers and Mergers and Share Buy-back (the “**HK Takeovers Code**”) and certain relevant legislations concerning companies with listed securities. The summary is not meant to be a comprehensive or exhaustive description of all the relevant Singapore and Hong Kong laws, rules and regulations.

### A. SUMMARY OF THE MAJOR DIFFERENCES BETWEEN THE HK LISTING RULES AND THE SGX LISTING MANUAL AND CERTAIN APPLICABLE SINGAPORE AND HONG KONG LAWS

#### HK LISTING RULES AND HONG KONG LAWS

#### SGX LISTING MANUAL AND SINGAPORE LAWS

##### REPORTING REQUIREMENTS

1. Issuers in Hong Kong are required to comply with disclosure obligations under the HK Listing Rules upon the occurrence of the events which are prescribed under such rules.

In the case that the Company makes a disclosure pursuant to Hong Kong laws, it will make the same disclosure in Singapore.

##### Chapter 13 of the HK Listing Rules: (Continuing Obligations)

##### Rule 13.09, HK Listing Rules: General Obligation of Disclosure

Without prejudice to Rule 13.10 of the HK Listing Rules, where in the view of the SEHK here is or there is likely to be a false market in an issuer’s securities, the issuer must, as soon as reasonably practicable after consultation with the SEHK, announce the information necessary to avoid a false market in its securities.

##### Rule 13.10B, HK Listing Rules: Announce Information Disclosed to Other Stock Exchanges

An issuer must announce any information released to any other stock exchange on which its securities are listed at the same time as the information is released to that other exchange.

Issuers in Singapore are required to comply with disclosure obligations under the SGX Listing Manual upon the occurrence of the events which are prescribed in the SGX Listing Manual.

In the case that the Company makes a disclosure pursuant to Singapore laws, it will make the same disclosure in Hong Kong.

##### Chapter 7 of the SGX Listing Manual (Continuing Obligations)

##### Rule 703, SGX Listing Manual: Disclosure of Material Information

- (1) An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which:
  - (a) is necessary to avoid the establishment of a false market in the issuer’s securities; or
  - (b) would be likely to materially affect the price or value of its securities.
- (2) Rule 703(1) does not apply to information which it would be a breach of law to disclose.
- (3) Rule 703(1) does not apply to particular information while each of the following conditions applies:–

Condition 1: a reasonable person would not expect the information to be disclosed;

Condition 2: the information is confidential; and

Condition 3: one or more of the following applies:

  - (a) the information concerns an incomplete proposal or negotiation;

- (b) the information comprises matters of supposition or is insufficiently definite to warrant disclosure;
  - (c) the information is generated for the internal management purposes of the entity;
  - (d) the information is a trade secret.
- (4) In complying with the SGX-ST's disclosure requirements, an issuer must:
- (a) observe the Corporate Disclosure Policy set out in Appendix 7.1 of the SGX Listing Manual, and
  - (b) ensure that its directors and executive officers are familiar with the SGX-ST's disclosure requirements and Corporate Disclosure Policy.
- (5) The SGX-ST will not waive any requirements under this Rule.

#### **Rule 13.51, HK Listing Rules: Notification on Changes**

An issuer must publish an announcement as soon as practicable in respect of:

- (1) any proposed alteration of the issuer's memorandum or articles of association or equivalent documents;
- (2) any changes in its directorate or supervisory committee, and shall procure that each new director or supervisor or member of its governing body shall sign and lodge with the SEHK as soon as practicable after their appointment a declaration and undertaking;
- (3) any change in the rights attaching to any class of listed securities and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable;
- (4) any change in its auditors or financial year end, the reason(s) for the change and any other matters that need to be brought to the attention of holders of securities of the issuer;
- (5) any change in its secretary, share registrar (including any change in overseas branch share registrar) or registered address or where applicable, agent for the service of process in Hong Kong or registered office or registered place of business in Hong Kong;
- (6) any change in its compliance adviser; and
- (7) any revision of interim reports, annual reports or summary financial reports, the reason leading to the revision of published financial reports, and the financial impacts.

#### **Rule 704, SGX Listing Manual: Announcement of Specific Information**

In addition to Rule 703, an issuer must immediately announce the following:–

##### **General**

- (1) Any change of address of the registered office of the issuer or of any office at which the register of members or any other register of securities of the issuer is kept.
- (2) Any proposed alteration to the memorandum of association or articles of association or constitution of the issuer (note also that Rule 730 requires issuers to seek the SGX-ST's approval for any alteration to their Articles or constituent documents).
- (4) Any call to be made on partly paid securities of the issuer or of any of its principal subsidiaries.
- (5) Any qualification or emphasis of a matter by the auditors on the financial statements of:–
  - (a) the issuer; or
  - (b) any of the issuer's subsidiaries or associated companies, if the qualification or emphasis of a matter has a material impact on the issuer's consolidated accounts or the group's financial position.
- (6) If an issuer has previously announced its preliminary full-year results, any material adjustment to the issuer's preliminary full-year results made subsequently by auditors.

## **Rule 13.25A, HK Listing Rules: Changes in Issued Shares**

- (1) An issuer must, whenever there is a change in its issued shares as a result of or in connection with any of the events referred to in Rule 13.25A(2), submit for publication on the SEHK's website information as the SEHK may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.
- (2) The events referred to in Rule 13.25A(1) are as follows:
  - (a) any of the following:
    - (i) placing;
    - (ii) consideration issue;
    - (iii) open offer;
    - (iv) rights issue;
    - (v) bonus issue;
    - (vi) scrip dividend;
    - (vii) repurchase of shares or other securities;
    - (viii) exercise of an option under the issuer's share option scheme by any of its directors;
    - (ix) exercise of an option other than under the issuer's share option scheme by any of its directors;
    - (x) capital reorganisation; or
    - (xi) change in issued shares not falling within any of the categories referred to in Rule 13.25A(2)(a)(i) to (x) or Rule 13.25A(2)(b); and
  - (b) Subject to Rule 13.25A(3), any of the following:
    - (i) exercise of an option under a share option scheme other than by a director of the issuer;
    - (ii) exercise of an option other than under a share option scheme not by a director of the issuer;
    - (iii) exercise of a warrant;
    - (iv) conversion of convertible securities; or
    - (v) redemption of shares or other securities.
- (3) The disclosure obligation for an event in Rule 13.25A(2)(b) only arises where:
  - (a) the event, either individually or when aggregated with any other

## **Appointment or cessation of service**

- (7)
  - (a) Any appointment or cessation of service of a key person such as a director, chief executive officer, chief financial officer, chief operating officer, general manager, qualified person or other executive officer of equivalent authority, company secretary, registrar or auditors of the issuer. The announcement of an appointment or cessation of service of key persons such as director, chief executive officer, chief financial officer, chief operating officer, general manager, qualified person or other executive officer of equivalent authority must contain the information contained in Appendix 7.4.1 or Appendix 7.4.2, as the case may be.
  - (b) In the case of a cessation of service of any director, chief executive officer, chief financial officer, chief operating officer, general manager or other executive officer of equivalent authority, such persons must inform the SGX-ST in writing as soon as possible if he is aware of any irregularities in the issuer which would have a material impact on the group, including financial reporting.
- (8) Any appointment or reappointment of a director to the audit committee.
- (9) Any appointment of a person who is a relative of a director or chief executive officer or substantial shareholder of the issuer to a managerial position in the issuer or any of its principal subsidiaries.
- (10) Any promotion of an appointee referred to in Rule 704(9).
- (11) Any appointment of, or change in legal representative(s) (or person(s) of equivalent authority, however described), appointed as required by any relevant law applicable to the issuer and/or any of its principal subsidiaries, with sole powers to represent, exercise rights on behalf of, the issuer and/or that principal subsidiary.
- (12) For issuers with principal subsidiaries based in jurisdictions other than Singapore, any of its independent directors' appointment or cessation of service from the boards of these principal subsidiaries.
- (13) Within 60 days after each financial year,

events described in that rule which have occurred since the listed issuer published its last monthly return under Rule 13.25B or last return under this Rule 13.25A (whichever is the later), results in a change of 5.0% or more of the listed issuer's issued shares; or

- (b) an event in Rule 13.25A(2)(a) has occurred and the event in Rule 13.25A(2)(b) has not yet been disclosed in either a monthly return published under Rule 13.25B or a return published under this Rule 13.25A.
- (4) For the purposes of Rule 13.25A(3), the percentage change in the listed issuer's issued shares is to be calculated by reference to the listed issuer's total number of issued shares as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under Rule 13.25B or a return published under this Rule 13.25A.

#### **Rule 13.25B, HK Listing Rules: Monthly Return**

A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit for publication on the SEHK's website a monthly return in relation to movements in the listed issuer's equity securities, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the SEHK may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities, debt securities and any other securitised instruments, as applicable, issued and which may be issued pursuant to options, warrants, convertible securities or any other agreements or arrangements.

#### **General Meetings**

##### **Rule 13.73, HK Listing Rules: Notices**

The issuer shall ensure that notice of every meeting of its shareholders or its creditors concerning the issuer (e.g. for winding up

the issuer must make an announcement of each person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer as set out in Appendix 7.2 Part II. If there are no such persons, the issuer must make an appropriate negative statement. The SGX-ST may require the issuer to provide additional information on any such person, including his remuneration, any changes to his duties, responsibilities and remuneration package.

#### **Appointment of Special Auditors**

- (14) The SGX-ST may require an issuer to appoint a special auditor to review or investigate the issuer's affairs and report its findings to the SGX-ST or the issuer's audit committee or such other party as the SGX-ST may direct. The issuer may be required by the SGX-ST to immediately announce the requirement, together with such other information as the SGX-ST directs. The issuer may be required by the SGX-ST to announce the findings of the special auditors.

#### **General Meetings**

- (15) The date, time and place of any general meeting. All notices convening meetings must be sent to shareholders at least 14 calendar days before the meeting

petitions, schemes of arrangement or capital reduction) is published in accordance with Rule 2.07C of the HK Listing Rules. The issuer shall despatch a circular to its shareholders at the same time as (or before) the issuer gives notice of the general meeting to approve the transaction referred to in the circular. The issuer shall provide its shareholders with any material information on the subject matter to be considered at a general meeting that comes to the directors' attention after the circular is issued. The issuer must provide the information either in a supplementary circular or by way of an announcement in accordance with Rule 2.07C not less than ten (10) business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this ten (10) business day requirement by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect.

#### **Rules 13.39(4) and (5), HK Listing Rules: Meetings of Shareholders**

Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

The issuer must announce the meeting's poll results as soon as possible, but in any event at least thirty (30) minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the business day after the meeting.

#### **Paragraph E.1.3 in Appendix 14, HK Listing Rules: Communication with Shareholders – Effective Communication**

The issuer should arrange for the notice to shareholders to be sent for annual general meetings at least twenty (20) clear business days before the meeting and to be sent at least ten (10) clear business days for all other general meetings.

#### **Rule 13.23(1), HK Listing Rules: Notifiable Transactions, Connected Transactions, Takeovers and Share Repurchases**

An issuer must announce details of acquisitions and realisations of assets and

(excluding the date of notice and the date of meeting). For meetings to pass special resolution(s), the notice must be sent to shareholders at least 21 calendar days before the meeting (excluding the date of notice and the date of meeting).

- (16) All resolutions put to a general meeting of an issuer, and immediately after such meeting, whether or not the resolutions were passed.

#### **Rule 730A, SGX Listing Manual: Facilitating Interaction with Shareholders**

- (1) An issuer shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation.
- (2) All resolutions at general meetings shall be voted by poll.
- (3) At least one scrutineer shall be appointed for each general meeting. The appointed scrutineer(s) shall be independent of the persons undertaking the polling process. Where the appointed scrutineer is interested in the resolution(s) to be passed at the general meeting, it shall refrain from acting as the scrutineer for such resolution(s).
- (4) The appointed scrutineer shall exercise the following duties:
  - (a) ensuring that satisfactory procedures of the voting process are in place before the general meeting; and
  - (b) directing and supervising the count of the votes cast through proxy and in person.

#### **Rule 704, SGX Listing Manual: Announcement of Specific Information Acquisitions and Realisations**

- (17) Any acquisition of:
  - (a) shares resulting in the issuer holding

other transactions required by Chapters 14 and 14A of the HK Listing Rules and, where applicable, must circularise holders of its listed securities with their details and obtain their approval thereto.

### **Rules 14.06 and 14.07, HK Listing Rules: Classification and Explanation of Terms**

Under Chapter 14 of the HK Listing Rules, the transaction classification is made by using the percentage ratios set out in Rule 14.07. The classifications are:

- (1) share transaction: an acquisition of assets (excluding cash) by a listed issuer where the consideration includes securities for which listing will be sought and where all percentage ratios are less than 5.0%;
- (2) discloseable transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 5.0% or more, but less than 25.0%;
- (3) major transaction: a transaction or a series of transactions by a listed issuer where any percentage ratio is 25.0% or more, but less than 100.0% for an acquisition or 75.0% for a disposal;
- (4) very substantial disposal: a disposal or a series of disposals of assets by a listed issuer where any percentage ratio is 75.0% or more;
- (5) very substantial acquisition: an acquisition or a series of acquisitions of assets by a listed issuer where any percentage ratio is 100.0% or more; and
- (6) reverse takeover: an acquisition or a series of acquisitions of assets by a listed issuer which, in the opinion of the SEHK, constitutes, or is part of a transaction or arrangement or series of transactions or arrangements which constitute, an attempt to achieve a listing of the assets to be acquired and a means to circumvent the requirements for new applicants set out in Chapter 8 of the HK Listing Rules.

The relevant category that a transaction falls under depends on the following percentage ratios computed on the following bases:

- (1) assets ratio: the total assets which are the subject of the transaction divided by the total assets of the listed issuer;
- (2) profits ratio: the profits attributable to the assets which are the subject of the transaction divided by the profits of the listed issuer;
- (3) revenue ratio: the revenue attributable to the assets which are the subject of the transaction divided by the revenue of the

10.0% or more of the total number of issued shares excluding treasury shares of a quoted company;

- (b) except for an issuer which is a bank, finance company, securities dealing company or approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment exceeding each multiple of 5.0% of the issuer's latest audited consolidated net tangible assets;
  - (c) shares resulting in a company becoming a subsidiary or an associated company of the issuer; and
  - (d) shares resulting in the issuer increasing its shareholding in a subsidiary or an associated company.
- (18) Any sale of:
- (a) shares resulting in the issuer holding less than 10% of the total number of issued shares excluding treasury shares of a quoted company;
  - (b) except for an issuer which is a bank, a finance company, a securities dealing company or an approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment in quoted securities falling below each multiple of 5% of the issuer's latest audited consolidated net tangible assets;
  - (c) shares resulting in a company ceasing to be a subsidiary or an associated company of the issuer; and
  - (d) shares resulting in the issuer reducing its shareholding in a subsidiary or an associated company.
- (19) Any acquisition or disposal of shares or other assets which is required to be announced under Chapter 10 of the SGX Listing Manual.

### **Chapter 10 of the SGX Listing Manual (Acquisitions and Realisations)**

#### **Part IV Classification of Transactions Rule 1004, SGX Listing Manual**

Under Chapter 10, transactions are classified as:-

- (a) non-discloseable transactions,
- (b) discloseable transactions;
- (c) major transactions; and

- listed issuer;
- (4) consideration ratio: the consideration divided by the total market capitalisation of the listed issuer. The total market capitalisation is the average closing price of the listed issuer's securities as stated in the SEHK's daily quotations sheets for the five (5) business days immediately preceding the date of the transaction; and
- (5) equity capital ratio: the number of shares to be issued by the listed issuer as consideration divided by the total number of the listed issuer's issued shares immediately before the transaction.

#### **Rule 14.34, HK Listing Rules: Notification and Announcement**

As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalised, the listed issuer must in each case inform the SEHK and publish an announcement as soon as possible.

#### **Rules 14.38A to 14.57, HK Listing Rules: Additional Requirements for Major Transaction, Very Substantial Disposal, Very Substantial Acquisition, and Reverse Takeover**

For a major transaction, very substantial disposal and very substantial acquisition, the shareholders' approval is required, while the approvals from both the shareholders and the SEHK are required for a reverse takeover.

- (d) very substantial acquisitions or reverse takeovers.

#### **Rule 1005, SGX Listing Manual**

In determining whether a transaction falls within category (a), (b), (c) or (d) of Rule 1004, SGX-ST may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction.

#### **Rule 1006, SGX Listing Manual**

The relevant category that a transaction falls under depends on the size of the relative figures computed on the following bases:—

- (a) the net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets;
- (b) the net profits attributable to the assets acquired or disposed of, compared with the group's net profits;
- (c) the aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares;
- (d) the number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

Transactions are categorised as follows in the SGX Listing Manual:—

- **Rule 1008(1)**: non-discloseable transaction: where all of the relative figures computed on the bases set out in Rule 1006 amount to 5.0% or less;
- **Rule 1010**: discloseable transaction: where any of the relative figures computed on the bases set out in Rule 1006 exceeds 5.0% but does not exceed 20.0%;
- **Rule 1014(1)**: major transaction: where any of the relative figures computed on the bases set out in Rule 1006 exceeds 20.0%; and
- **Rule 1015(1)**: very substantial acquisition or reverse takeover: where an acquisition of assets (whether or not the acquisition is deemed in the issuer's ordinary course of business) is one where any of the relative figures as computed on the bases set out in Rule 1006 is 100.0% or more, or is one which

will result in a change in control of the issuer, the transaction is classified as a very substantial acquisition or reverse takeover respectively.

Where a transaction is classified as a discloseable transaction, major transaction or very substantial acquisition/reverse takeover, the Company must make an immediate announcement.

For very substantial acquisitions/reverse takeovers, the issuer must also immediately announce the latest three (3) years of *pro forma* financial information of the assets to be acquired.

Further, transactions that are major transactions are conditional upon the prior approval of shareholders. Very substantial acquisitions/reverse takeovers transactions are conditional upon the approval of shareholders and the approval of the SGXST.

A circular to shareholders will need to be distributed to seek shareholders' approval.

The disclosures required to be made in such circular for these types of transactions are prescribed in the SGX Listing Manual.

#### **Rule 13.25, HK Listing Rules: Winding-up and Liquidation**

An issuer shall inform the SEHK of the happening of any of the following events as soon as it comes to its attention:

- (a) the appointment of a receiver or manager either by any court having jurisdiction or under the terms of a debenture or any application to any court having jurisdiction for the appointment of a receiver or manager, or equivalent action in the country of incorporation or other establishment, in respect of the business or any part of the business of the issuer or the property of the issuer, its holding company or any subsidiary falling under Rule 13.25(2) of the HK Listing Rules;
- (b) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator, or equivalent action in the country of incorporation or other

#### **Rule 704, SGX Listing Manual: Announcement of Specific Information Winding Up, Judicial Management, etc**

- (20) Any application filed with a court to wind up the issuer or any of its subsidiaries, or to place the issuer or any of its subsidiaries under judicial management.
- (21) The appointment of a receiver, judicial manager or liquidator of the issuer or any of its subsidiaries.
- (22) Any breach of any loan covenants or any notice received from principal bankers or from the trustee of any debenture holders to demand repayment of loans granted to the issuer or any of its subsidiaries which, in the opinion of the issuer's directors, would result in the issuer facing a cash flow problem.
- (23) Where Rule 704(20), (21) or (22) applies, a monthly update must be announced regarding the issuer's financial situation. If any material development occurs between the monthly updates, it must be announced immediately.



- establishment, against or in respect of the issuer, its holding company or any subsidiary falling under Rule 13.25(2) of the HK Listing Rules;
- (c) the passing of any resolution by the issuer, its holding company or any subsidiary falling under Rule 13.25(2) of the HK Listing Rules that it be wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;
  - (d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5.0% under any of the percentage ratios defined under Rule 14.04(9) of the HK Listing Rules; or
  - (e) the making of any final judgement, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5.0% under any of the percentage ratios defined under Rule 14.04(9) of the HK Listing Rules.

Rules 13.25(1)(a), (b) and (c) will apply to a subsidiary of the issuer if the value of that subsidiary's total assets, profits or revenue represents 5.0% or more under any of the percentage ratios defined under Rule 14.04(9).

#### **Rules 13.45(1) and (2), HK Listing Rules: After Board Meetings**

An issuer shall announce immediately after approval by or on behalf of the board of:—

- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities, including the rate and amount of the dividend or distribution and the expected payment date;
- (2) any decision not to declare, recommend or pay any dividend which would otherwise

#### **Announcement of Results, Dividends, Etc**

- (24) Any recommendation or declaration of a dividend (including a bonus or special dividend, if any), the rate and amount per share and date of payment. If dividends are not taxable in the hands of shareholders, this must be stated in the announcement and in the dividend advice to shareholders. If there is a material variation in the interim or final dividend rate compared to that for the previous corresponding period, the directors must

have been expected to have been declared, recommended or paid in due course;

state the reasons for the variation at the time the dividend is recommended or declared. If the directors decide not to declare or recommend a dividend, this must be announced.

- (25) After the end of each of the first three (3) quarters of its financial year, half year or financial year, as the case may be, an issuer must not announce any:—
- (a) dividend;
  - (b) capitalisation or rights issue;
  - (c) closing of the books;
  - (d) capital return;
  - (e) passing of a dividend; or
  - (f) sales or turnover

unless it is accompanied by the results of the quarter, half year or financial year, as the case may be, or the results have been announced.

#### **Rule 13.66, HK Listing Rule: Closure of Books and Record Date**

- (1) An issuer must announce any closure of its transfer books or register of members in respect of securities listed in Hong Kong at least six (6) business days before the closure for a rights issue, or ten (10) business days before the closure in other cases. In cases where there is an alteration of book closing dates, the issuer must, at least five (5) business days before the announced closure or the new closure, whichever is earlier, notify the SEHK in writing and make a further announcement.
- (2) An issuer must ensure that the last day for trading in the securities with entitlements falls at least one (1) business day after the general meeting, if the entitlements require the approval of shareholders in the general meeting or are contingent on a transaction that is subject to the approval of shareholders in the general meeting.

#### **Books Closure**

- (26) Any intention to fix a books closure date, stating the date, reason and address of the share registry at which the relevant documents will be accepted for registration. At least five (5) market days of notice (excluding the date of announcement and the books closure date) must be given for any books closure date. Issuers could consider a longer notice period, where necessary. Subject to the provisions of the Singapore Companies Act, the SGX-ST may agree to a shorter books closure period. In fixing a books closure date, an issuer must ensure that the last day of trading on a cum basis falls at least one (1) day after the general meeting, if a general meeting is required to be held.
- (27) The issuer must not close its books for any purpose until at least eight (8) market days after the last day of the previous books closure period. This rule does not prohibit identical books closure dates for different purposes.

#### **Treasury Shares**

- (28) Any sale, transfer, cancellation and/or use of treasury shares, stating the following:—
- (a) date of the sale, transfer, cancellation and/or use;
  - (b) purpose of such sale, transfer, cancellation and/or use;
  - (c) number of treasury shares sold, transferred, cancelled and/or used;
  - (d) number of treasury shares before and after such sale, transfer, cancellation

- and/or use;
- (e) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and
- (f) value of the treasury shares if they are used for a sale or transfer, or cancelled.

## **Chapter 17 of the HK Listing Rules (Share Option Schemes)**

### **Rule 17.02, HK Listing Rules: Adoption of a New Scheme**

The adoption of a share option scheme for employees is subject to the approval of the shareholders of the issuer in general meeting.

### **Rule 17.03, HK Listing Rules: Terms of the Scheme**

The total number of securities which may be issued upon the exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10.0% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10.0% limit.

The listed issuer may seek shareholders' approval in general meeting to "refresh" the 10.0% limit under the scheme. However, the total number of securities which may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary) under the limit as "refreshed" must not exceed 10.0% of the relevant class of securities in issue as at the date of approval of the limit.

### **Rule 17.04(1), HK Listing Rules: Granting Options to a Director, Chief Executive or Substantial Shareholder of a Listed Issuer, or any of Their Respective Associates**

In addition to the shareholders' approval set out in note (1) to Rule 17.03(3) and the note to Rule 17.03(4), each grant of options to a director, chief executive or substantial shareholder of a listed issuer, or any of their respective associates, under a scheme of the listed issuer or any of its subsidiaries must comply with the requirements of this Rule 17.04(1). Each grant of options to any of these persons must be approved by independent

## **Employee share option scheme**

### **Rule 843(3), SGX Listing Manual**

The approval of an issuer's shareholders must be obtained for any share option scheme or share scheme implemented by:-

- (a) the issuer; and
- (b) a principal subsidiary of the issuer if the scheme may cause Rule 805(2) to apply.

### **Rule 843(4), SGX Listing Manual**

If shareholders' approval is not required pursuant to Rule 843(3), an issuer must announce the principal terms of any such share option scheme or share scheme implemented by its subsidiaries.

### **Rule 844, SGX Listing Manual**

Participation in a scheme must be restricted to directors and employees of the issuer and its subsidiaries, except that:-

- (1) directors and employees of an associated company of the issuer may participate in the scheme if the issuer has control over the associated company.
- (2) directors and employees of the issuer's parent company and its subsidiaries who have contributed to the success and development of the issuer may participate in the scheme.

### **Rule 845, SGX Listing Manual**

A limit on the size of each scheme, the maximum entitlement for each class or category of participant (where applicable), and the maximum entitlement for any one participant (where applicable) must be stated. For SGX-ST main board issuers, the following limits must not be exceeded:-

- (1) the aggregate number of shares available under all schemes must not exceed 15.0% of the total number of issued shares excluding treasury shares from time to time;
- (2) the aggregate number of shares available

non-executive directors of the listed issuer (excluding independent nonexecutive director who is the grantee of the options).

Where any grant of options to a substantial shareholder or an independent nonexecutive director of the listed issuer, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve (12) month period up to and including the date of such grant, (a) representing in aggregate over 0.1% of the relevant class of securities in issue; and (b) (where the securities are listed on the SEHK), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HKD five million (5,000,000), such further grant of options must be approved by shareholders of the listed issuer. The listed issuer must send a circular to the shareholders. The grantee, his associates and all core connected persons of the listed issuer must abstain from voting in favour at such general meeting.

#### **Rule 17.06A, HK Listing Rules: Announcement on Grant of Options**

As soon as possible upon the granting by the listed issuer of an option under its share option scheme, the issuer must publish an announcement setting out the following details:–

- (1) date of grant;
- (2) exercise price of the options grant;
- (3) number of options granted;
- (4) market price of its securities on the date of grant;
- (5) where any of the grantees is a director, chief executive or substantial shareholder of the listed issuer, or an associate of any of them, the names of such grantees and the number of options granted to each of them; and
- (6) validity period of the options.

## **2. Rules 13.46 to 13.50, HK Listing Rules: Disclosure of Financial Information**

### **Distribution of annual report and accounts**

An issuer is required to send to (i) every member of the issuer and (ii) every other holder of its listed securities (not being bearer securities), a copy of either (a) its annual report including its annual accounts and,

to controlling shareholders and their associates must not exceed 25.0% of the shares available under a scheme;

- (3) the number of shares available to each controlling shareholder or his associate must not exceed 10.0% of the shares available under a scheme;
- (4) the aggregate number of shares available to directors and employees of the issuer's parent company and its subsidiaries must not exceed 20.0% of the shares available under a scheme; and
- (5) the maximum discount under the scheme must not exceed 20.0%. The discount must have been approved by shareholders in a separate resolution.

### **Rule 847, SGX Listing Manual**

The exercise price of options to be granted must be set out. Options granted at a discount may be exercisable after two (2) years from the date of grant. Other options may be exercisable after one (1) year from the date of grant.

### **Rule 704(27): Announcement on employee share option scheme**

- (29) Any grant of options or shares. The announcement must be made on the date of the offer and provide details of the grant, including the following:–
  - (a) date of grant;
  - (b) exercise price of options granted;
  - (c) number of options or shares granted;
  - (d) market price of its securities on the date of grant;
  - (e) number of options or shares granted to each director and controlling shareholder (and each of their associates), if any; and
  - (f) validity period of the options.

### **Announcement of financial results and annual reports**

#### **Rule 705, SGX Listing Manual: Financial Statements**

- (1) An issuer must announce the financial statements for the full financial year immediately after the figures are available, but in any event not later than

where the issuer prepares consolidated financial statements, its consolidated financial statements, together with a copy of the auditors' report thereon or (b) its summary financial report not less than twenty-one (21) days before the date of the issuer's annual general meeting and in any event not more than four (4) months after the end of the financial year to which they relate.

### **Interim reports**

In respect of the first six (6) months of each financial year of an issuer unless that financial year is of six (6) months or less, the issuer shall send to (i) every member of the issuer; and (ii) every other holder of its listed securities (not being bearer securities), either (a) an interim report, or (b) a summary interim report not later than three (3) months after the end of that period of six (6) months.

### **Preliminary announcements of results – Full financial year**

An issuer shall publish its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is thirty (30) minutes before the earlier of the commencement of the morning trading session or any preopening session on the next business day after approval by or on behalf of the board. The issuer must publish such results not later than three (3) months after the end of the financial year.

### **Preliminary announcements of results – First half of the financial year**

The issuer shall publish a preliminary announcement in respect of its results for the first six (6) months of each financial year, unless that financial year is of six (6) months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results not later than two (2) months after the end of that period of six (6) months.

### **Rule 4.03, HK Listing Rules: Reporting Accountants**

All accountants' reports must normally be prepared by certified public accountants who are qualified under the Professional

- 60 days after the relevant financial period.
- (2) An issuer must announce the financial statements for each of the first three (3) quarters of its financial year immediately after the figures are available, but in any event not later than 45 days after the quarter end if:–
    - (a) its market capitalization exceeded S\$75 million as at 31 March 2003; or
    - (b) it was listed after 31 March 2003 and its market capitalization exceeded S\$75 million at the time of listing (based on the IPO issue price); or
    - (c) its market capitalisation is S\$75 million or higher on the last trading day of each calendar year commencing from 31 December 2006. An issuer whose obligation falls within this sub-section (c) will have a grace period of a year to prepare for quarterly reporting. As an illustration, an issuer whose market capitalisation is S\$75 million or higher as at the end of the calendar year 31 December 2006 must announce its quarterly financial statements for any quarter of its financial year commencing in 2008. Notwithstanding the grace period, all issuers whose obligation falls under this subsection (c) are strongly encouraged to adopt quarterly reporting as soon as possible.
  - (3)
    - (a) An issuer who falls within the sub-sections in Rule 705(2) above must comply with Rule 705(2) even if its market capitalisation subsequently decreases below S\$75 million.
    - (b) An issuer who does not fall within the sub-sections in Rule 705(2) above must announce its first half financial statements immediately after the figures are available, but in any event not later than 45 days after the relevant financial period.
  - (4) Notwithstanding the foregoing, with respect to the first announcement to be made by the issuer pursuant to Rules 705(1) or (2) following its listing on the SGX-ST, where the time period between the date of its listing and the final date for the issuer to make the relevant announcement pursuant to Rule 705(1) or (2) above is less than 30 days, the issuer shall have 30 days from the relevant deadline to make the relevant announcement of the financial statements provided that the following conditions are satisfied:

Accountants Ordinance for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants.

- (a) the extension is announced by the issuer at the time of the issuer's listing; and
  - (b) in the announcement referred to in paragraph (a), the issuer must confirm that there is no material adverse change to the financial position of the issuer since the date of its prospectus or introductory document in connection with its listing on the SGX-ST.
- (5) In the case of an announcement of interim financial statements (quarterly or half-yearly, as applicable, but excluding full year financial statements), an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect. In order to make this confirmation, directors would not be expected to commission an audit of these financial statements. The confirmation may be signed by two (2) directors on behalf of the board of directors.

**Rule 712, SGX Listing Manual:  
Appointment of Auditors**

- (1) An issuer must appoint a suitable auditing firm to meet its audit obligations, having regard to the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the listed group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit.
- (2) The auditing firm appointed by the issuer must be:
  - (a) registered with the Accounting and Corporate Regulatory Authority;
  - (b) registered with and/or regulated by an independent audit oversight body acceptable to the SGX-ST; or
  - (c) any other auditing firm acceptable by the SGX-ST.
- (3) A change in auditing firm must be specifically approved by shareholders in a general meeting

**Rule 713, SGX Listing Manual**

- (1) An issuer must disclose in its annual report the date of appointment and the

name of the audit partner in charge of auditing the issuer and its group of companies. The audit partner must not be in charge of more than five (5) consecutive audits for a full financial year, the first audit being for the financial year beginning on or after 1 January 1997, regardless of the date of listing. The audit partner may return after two (2) years.

- (2) If the listing of an issuer occurs after five (5) consecutive audits by the same audit partner in charge, the same audit partner may complete the audit of the financial year in which the issuer lists.

#### **Rule 707, SGX Listing Manual**

- (1) The time between the end of an issuer's financial year and the date of its annual general meeting (if any) must not exceed four (4) months.
- (2) An issuer must issue its annual report to shareholders and the SGX-ST at least 14 days before the date of its annual general meeting.

#### **Rule 723, SGX Listing Manual**

An issuer must ensure that at least 10.0% of the total number of issued shares excluding treasury shares (excluding preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

#### **Rule 724, SGX Listing Manual**

- (1) If the percentage of securities held in public hands falls below 10.0%, the issuer must, as soon as practicable, make an announcement and the SGX-ST may suspend trading of the class, or all of the securities of the issuer.
- (2) The SGX-ST may allow the issuer a period of three (3) months, or such longer period as the SGX-ST may agree, to raise the percentage of securities in public hands to at least 10.0%, failing which the issuer may be delisted.

#### **Obligation to notify the Company and SGX-ST of substantial shareholding and change in substantial shareholding**

##### **Substantial shareholder**

Under the Singapore Companies Act (Cap 50) ("Singapore Companies Act"), a substantial shareholder (i.e. shareholder having not less than 5.0% of the total votes attached to all the

### **3. Public Float Requirement**

#### **Chapter 8 of the HK Listing Rules: (Qualifications for Listing)**

#### **Rule 8.08(1), HK Listing Rules: Qualifications for listing**

Save and except for the circumstances specified under Chapter 8 of the HK Listing Rules, an issuer must ensure that at least 25.0% of its total number of issued shares is at all times held by the public.

### **4. Shareholders' Reporting Obligations**

#### **Obligation to notify the Company and SGX-ST of substantial shareholding and change in substantial shareholding**

The HK Listing Rules require that the interests held by directors and chief executives and

substantial shareholders (i.e. shareholders interested in 10.0% or more of the voting power) be disclosed in annual reports, interim reports and circulars of the listed company.

The SFO and the Outline of Part XV of the SFO – Disclosure of Interests issued by the Securities and Futures Commission provides that a substantial shareholder (i.e. shareholder interested in 5.0% or more of the shares in the listed company) is required to disclose his interest, and short positions, in the shares of the listed company, within ten (10) business days after first becoming a substantial shareholder, or to disclose his changes in percentage figures of his shareholdings in the listed company or ceasing to be a substantial shareholder within three (3) business days after becoming aware of the relevant events. Please refer to Section 2.7 of the Outline for examples of relevant events.

voting shares in the company) of a company shall within two (2) business days after becoming a substantial shareholder, or when there is a change in the percentage level (as defined in the Singapore Companies Act) of the substantial shareholder's interest, or when he ceases to be a substantial shareholder, give notice in writing to the company.

Under the Securities and Futures Act (Cap 289) (“SFA”), a substantial shareholder shall within two (2) business days after becoming a substantial shareholder, or when there is a change in the percentage level of the substantial shareholder's interest, or when he ceases to be a substantial shareholder give notice in writing to the SGX-ST.

### **Section 81 of the Singapore Companies Act**

A person has a substantial shareholding in a company if he has an “interest” in one (1) or more voting shares in the company, and the total votes attached to those shares is not less than 5.0% of the total votes attached to all the voting shares in the company.

### **Section 82 of the Singapore Companies Act**

A substantial shareholder of a company is required to notify the company of his “interests” in the voting shares in the company within two (2) business days after becoming a substantial shareholder.

### **Sections 83 and 84 of the Singapore Companies Act**

A substantial shareholder is required to notify the company of changes in the “percentage level” of his shareholding or his ceasing to be a substantial shareholder, again within two (2) business days after he becomes aware of such changes.

The reference to changes in “percentage level” means any changes in a substantial shareholder's interest in the company which results in his interest, following such change, increasing or decreasing to the next discrete 1.0% threshold. For example, an increase in interests in the company from 5.1% to 5.9% need not be notified, but an increase from 5.9% to 6.1% will have to be notified.

### **Sections 135 to 137, SFA**

A substantial shareholder is also required to give the above notifications to the SGX-ST at



5. **Part XV of the SFO: Disclosure of Interests by Directors and Chief Executives**

A director or a chief executive of a listed company is required to disclose his interest and short position in any shares in a listed company (or any of its associated companies) and their interest in any debentures of the listed company (or any of its associated companies) within ten (10) business days after becoming a director or chief executive of the listed company or within three (3) business days after becoming aware of the relevant events.

If a person, who is both a substantial shareholder and a director of the listed company concerned under the SFO, such person may have separate duties to file notices (one in each capacity) as a result of a single event. For example, a person who is interested in 5.9% of the shares of a listed company and buys a further 0.2% will have to file a notice because he is a director (and therefore has to disclose all transactions) and will also have to file a notice as a substantial shareholder because his interest has crossed the 6.0% level.

the same time.

**Directors**

Under Section 164(1) of the Singapore Companies Act, a company shall keep a register showing with respect to each director of the company particulars of:–

- (a) shares;
- (b) debentures of or participatory interests;
- (c) rights or options of the director; and
- (d) contracts to which the director or under which he is entitled to a benefit,

of the company or a related company.

A director of a company shall be deemed to hold or have an interest or a right in or over any shares or debentures if the spouse or infant child of the director holds or has an interest or a right in or over any shares or debentures or makes or is granted any contract, assignment or right of subscription.

Under Section 165(1) of the Singapore Companies Act, a director of a company shall give notice in writing to the company of such particulars relating to shares, debentures, participatory interests, rights, options and contracts as are necessary for the purposes of compliance by the firstmentioned company with Section 164, among other disclosure requirements.

**Securities and Futures (Amendment) Act 2009**

The Securities and Futures (Amendment) Act 2009 (the “**Amendment Act**”) has, *inter alia*, migrated all the disclosure obligations in the Singapore Companies Act into the Singapore SFA and has also introduced new disclosure requirements, for example, the requirement for foreign incorporated companies which have a primary listing on the SGX-ST to comply with the disclosure obligations in the Singapore SFA. The new amendments to the Singapore SFA expand the current scope of disclosure obligations.

Under the Amendment Act, the disclosure obligations currently under the Singapore SFA and the Singapore Companies Act have been consolidated and inserted into the Singapore SFA.

**Duty of director or chief executive officer to notify corporation of his interests**

## Sections 133 and 134 of the SFA

Section 133 of the SFA stipulates that every director and chief executive officer of a corporation shall give notice in writing to the corporation of particulars of, inter alia, shares in the corporation; or a related corporation of the corporation, which he holds, or in which he has an interest and the nature and extent of that interest, within two (2) business days after:

- (a) the date on which the director or chief executive officer becomes such a director or chief executive officer; or
- (b) the date on which the director or chief executive officer becomes a holder of, or acquires an interest in, the shares,

whichever last occurs.

Under Section 134, any director or chief executive officer of a corporation who intentionally or recklessly contravenes Section 133 in relation to the disclosure of shares held in the corporation, or furnishes any information which he knows is false or misleading in a material particular or is reckless as to whether it is, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$25,000 for every day or part thereof during which the offence continues after conviction.

### **Power of corporation to require disclosure of beneficial interest in its voting shares**

Any corporation may, under Section 137F of the SFA, require any member of the corporation within such reasonable time as is specified in the notice (which shall comply with the requirements stipulated by the Monetary Authority of Singapore):

- (a) to inform it whether he holds any voting shares in the corporation as beneficial owner or as trustee; and
- (b) if he holds them as trustee, to indicate so far as he can the persons for whom he holds them (either by name or by other particulars sufficient to enable those persons to be identified) and the nature of their interest.

Whenever a corporation receives information from a person pursuant to a requirement imposed on him under this section with respect to shares held by a member of the corporation, it shall be under an obligation to inscribe against the name of that member in a separate part of the register kept by it under Section 137C:

- (i) the fact that the requirement was imposed and the date on which it was imposed; and
- (ii) the information received pursuant to the requirement.

Any person who intentionally or recklessly contravenes the requirement to comply with the notice, or in purported compliance with the requirement, furnishes any information which he knows is false or misleading in a material particular or is reckless as to whether it is, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 or to imprisonment for a term not exceeding two (2) years or to both and, in the case of a continuing offence, to a further fine not exceeding S\$25,000 for every day or part thereof during which the offence continues after conviction.

### **Duty of corporation to make disclosure**

#### **Section 137G of the SFA**

Where a corporation has been notified in writing by a director or chief executive officer of the corporation or a substantial shareholder in respect of a change in the particulars of his shareholdings, the corporation shall announce or otherwise disseminate the information stated in the notice to the securities market operated by the securities exchange on whose official list any or all of the shares of the corporation are listed, as soon as practicable and in any case, no later than the end of the business day following the day on which the corporation received the notice.

Any corporation that intentionally or recklessly contravenes this duty of disclosure; or in purported compliance, announces or disseminates any information knowing that it is false or misleading in a material particular or reckless as to whether it is, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$250,000 and, in the case of a continuing offence, to a further fine not exceeding S\$25,000 for every day or part thereof during which the offence continues

## **Restrictions and Notification Requirements on Issuers Purchasing Their Own Shares on a Stock Exchange**

### **Rule 10.05, HK Listing Rules**

Subject to the provisions of the Code on Share Buy-backs, an issuer may purchase its shares on the SEHK or on another stock exchange recognised for this purpose by the Commission and the SEHK. All such purchases must be made in accordance with Rule 10.06 of the HK Listing Rules. The Code on Share Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the HK Listing Rules and the SEHK may in its absolute discretion take such action to penalise any breach of this paragraph or the listing agreement as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share Buy-backs.

### **Rule 10.06, HK Listing Rules**

An issuer with primary listing on SEHK may only purchase its shares on the SEHK if the relevant shares are fully-paid up, the issuer has previously sent to its shareholders an explanatory statement complying with the provisions of Rule 10.06(1)(b) of the HK Listing Rules and that the shareholders of the issuer have given a specific approval or a general mandate to the directors to make such a purchase, provided that the amount of shares so purchased under the general mandate shall not exceed 10.0% of the number of issued shares of the issuer as at the date of the passing of the relevant shareholders' resolution granting the mandate of purchase.

#### **Rule 10.06(1)(b), HK Listing Rules: Explanatory statement**

For the purpose of obtaining shareholders' approval, the issuer must have previously sent to its shareholders an explanatory statement containing all the information reasonably necessary to enable those shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the purchase by the issuer of shares including the information set out below:–

- (1) a statement of the total number and description of the shares which the issuer proposes to purchase;

after conviction.

## **Share Buyback**

### **(a) Shareholder Approval**

#### **Rule 881, SGX Listing Manual**

An issuer may purchase its own shares if it has obtained the prior specific approval of shareholders in general meeting.

#### **Rule 882, SGX Listing Manual**

A share buy-back may only be made by way of on-market purchases transacted through the SGX-ST's trading system or on another stock exchange on which the issuer's equity securities are listed (“**market acquisition**”) or by way of an off-market acquisition in accordance with an equal access scheme as defined in Section 76C of the Singapore Companies Act. Unless a lower limit is prescribed under the issuer's law of incorporation, such share buy-back shall not exceed 10.0% of the total number of issued ordinary shares in the capital of the issuer as at the date of the resolution passed by shareholders for the share buyback.

#### **Rule 883, SGX Listing Manual**

For the purpose of obtaining shareholder approval, the issuer must provide at least the following information to shareholders:–

- (1) the information required under the Singapore Companies Act;
- (2) the reasons for the proposed share buy-back;
- (3) the consequences, if any, of share purchases by the issuer that will arise under the Singapore Takeovers Code or other applicable takeover rules;
- (4) whether the share buy-back, if made, could affect the listing of the issuer's equity securities on the SGX-ST;
- (5) details of any share buy-back made by the issuer in the previous 12 months, giving the total number of shares purchased, the purchase price per share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
- (6) whether the shares purchased by the issuer will be cancelled or kept as treasury shares.

### **(b) Dealing Restrictions:**

- (2) a statement by the directors of the reasons for the proposed purchase of shares;
- (3) a statement by the directors as to the proposed source of funds for making the proposed purchase of shares, which shall be funds legally available for such purposes in accordance with the issuer's constitutive documents and the laws of the jurisdiction in which the issuer is incorporated or otherwise established;
- (4) a statement as to any material adverse impact on the working capital or gearing position of the issuer (as compared with the position disclosed in its most recent published audited accounts) in the event that the proposed purchases were to be carried out in full at any time during the proposed purchase period, or an appropriate negative statement;
- (5) a statement of the name of any directors, and to the best of the knowledge of the directors having made all reasonable enquiries, any close associates of the directors, who have a present intention, in the event that the proposal is approved by shareholders, to sell shares to the issuer, or an appropriate negative statement;
- (6) a statement that the directors have undertaken to the SEHK to exercise the power of the issuer to make purchases pursuant to the proposed resolution in accordance with the HK Listing Rules and the laws of the jurisdiction in which the issuer is incorporated or otherwise established;
- (7) a statement as to the consequences of any purchases which will arise under the HK Takeovers Code of which the directors are aware, if any;
- (8) a statement giving details of any purchases by the issuer of shares made in the previous six (6) months (whether on SEHK or otherwise) giving the date of each purchase and the purchase price per share or the highest and lowest prices paid for such purchases, where relevant;
- (9) a statement as to whether or not any core connected persons of the issuer have notified the issuer that they have a present intention to sell shares to the issuer or have undertaken not to sell any of the shares held by them to the issuer, in the event that the issuer is authorised to make purchases of shares;
- (10) a statement giving the highest and lowest prices at which the relevant shares have traded on SEHK during each of the previous twelve (12) months; and
- (11) the disclaimer of SEHK in the form set

#### **Rule 884, SGX Listing Manual**

In the case of a Market Purchase, the purchase price must not exceed 105.0% of the average closing price (“Average Closing Price”).

“Average Closing Price” means the average of the closing market prices of a share over the last five (5) market days preceding the day of the market purchase on which transactions in the shares were recorded and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period.

#### **Rule 885, SGX Listing Manual**

In the case of off-market acquisition in accordance with an equal access scheme, an issuer must issue an offer document to all shareholders containing at least the following information:–

- (1) terms and conditions of offer;
- (2) period and procedures for acceptances; and
- (3) information in Rule 883(2), (3), (4), (5) and (6).

#### **(c) Reporting Requirements**

##### **Rule 886(1), SGX Listing Manual**

Where an issuer purchases its shares by way of a market purchase, the issuer shall report all purchases or acquisitions of its shares to the SGX-ST not later than 9:00 a.m. on the market day following the day of purchase of any of its shares.

In a case of an off market purchase under an equal access scheme, an issuer must notify the SGX-ST by 9:00 a.m. on the second market day after the close of acceptances of the offer.

##### **Rule 886(2), SGX Listing Manual**

Notification of a purchase by the issuer of its shares must be in the form of Appendix 8.3.2 of the SGX Listing Manual for an issuer with a dual listing on another stock exchange. Such notification would include, *inter alia*, the name of the overseas exchange on which the company's shares are also listed, the maximum number of shares authorised for purchase, details of the total number of shares authorised for purchase, the date of purchases, the total number of shares purchased, the purchase price per share, the highest and lowest prices paid for such shares, the total purchase consideration, the cumulative

out under the HK Listing Rules.

number of shares purchased to date and the number of issued shares after the purchase.

**Rule 10.06(2), HK Listing Rules: Dealing Restrictions**

The buy-back of shares by an issuer is subject to various dealing restrictions, including, among others, that an issuer shall not purchase its shares on SEHK if the purchase price is higher by 5.0% or more than the average closing market price for the five (5) preceding trading days on which its shares were traded on SEHK.

**Rule 10.06(4), HK Listing Rules: Reporting Requirements**

- (1) An issuer is required to submit for publication to SEHK not later than thirty (30) minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following any day on which the issuer makes a purchase of shares (whether on the SEHK or otherwise), the total number of shares purchased by the issuer the previous day, the purchase price per share or the highest and lowest prices paid for such purchases, where relevant, and shall confirm that those purchases which were made on the SEHK were made in accordance with the HK Listing Rules and if the issuer's primary listing is on the SEHK, that there have been no material changes to the particulars contained in the explanatory statement. In respect of purchases made on another stock exchange, the issuer's report must confirm that those purchases were made in accordance with the domestic rules applying to purchases on that other stock exchange. Such reports shall be made on a return in such form and containing such information as the SEHK may from time to time prescribe. In the event that no shares are purchased on any particular day then no return need be made to the SEHK. The issuer should make arrangements with its brokers to ensure that they provide to the issuer in a timely fashion the necessary information to enable the issuer to make the report to the SEHK.
- (2) An issuer is also required to include in its annual report and accounts a monthly breakdown of purchases of shares made during the financial year under review showing the number of shares purchased each month (whether on the SEHK or otherwise) and the purchase price per

share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate price paid by the issuer for such purchases. The directors' report shall contain reference to the purchases made during the year and the directors' reasons for making such purchases.

### **Solicitation for Proxy**

Investors holding securities in listed companies listed on SEHK through CCASS who want to attend the shareholders' meetings in person or appoint proxies to vote on their behalf have to solicit for proxy by giving instructions to CCASS directly or through their broker firms (as the case may be) to authorise the investors as corporate representatives or proxies of Hong Kong Securities Clearing Company Limited Nominees (or any successor thereto) in respect of such shareholding of the investors in the listed companies.

### **Issuance of New Shares, Convertible Bonds or Bonds with Warrants**

#### **Sections 140 and 141, Companies Ordinance: Allotment and Issues of Shares**

The directors of a company may exercise a power (i) to allot shares in the company; or (ii) to grant rights to subscribe for, or to convert any security into, shares in the company, only if the company gives approval in advance by resolution of the company.

#### **Rules 13.36(1) to (3) HK Listing Rules: Pre-emptive Rights**

Except in the circumstances, mentioned in Rule 13.36(2) of the HK Listing Rules:

- (a) the directors of the issuer shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting: (i) shares; (ii) securities convertible into shares; or (iii) options, warrants or similar rights to subscribe for any shares or such convertible securities; and
- (b) the directors of the issuer shall obtain consent of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the issuer.

No such consent as is referred to in Rule 13.36(1)(a) shall be required:

Depositors who wish to attend and vote at the extraordinary general meeting, and whose names are shown in the records of the Central Depository (Pte) Limited ("CDP") as at a time not earlier than 48 hours prior to the time of the extraordinary general meeting supplied by CDP to the company, may attend the extraordinary general meeting in person. Such depositors who are individuals and who wish to attend the extraordinary general meeting in person need not take any further action and can attend and vote at the extraordinary general meeting.

#### **Power of Directors to Allot and Issue Shares**

The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the articles of association of that company.

However, notwithstanding anything to the contrary in the articles of association of a company, prior approval of the company at a general meeting is required to authorize the directors to exercise any power of the company to issue shares. Such approval need not be specific but may be general.

#### **Rule 805, SGX Listing Manual**

Except as provided in Rule 806, an issuer must obtain the prior approval of shareholders in general meeting for the following:–

- (1) the issue of shares or convertible securities or the grant of options carrying rights to subscribe for shares of the issuer; or
- (2) if a principal subsidiary of an issuer issues shares or convertible securities or options that will or may result in:–
  - (a) the principal subsidiary ceasing to be a subsidiary of the issuer; or
  - (b) a percentage reduction of 20.0% or more of the issuer's equity interest in

- (a) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer which excludes for that purpose any shareholder that is resident in a place outside Hong Kong provided the directors of the issuer consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them, pro rata (apart from fractional entitlements) to their existing holdings; or
- (b) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of issued shares of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in Rule 7.14(3), 20% of the number of issued shares of an overseas issuer following the implementation of such scheme) and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of issued shares of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of

the principal subsidiary.

#### **Rule 806(1), SGX Listing Manual**

A company need not obtain the prior approval of shareholders in a general meeting for the issue of securities if the shareholders had by ordinary resolution in a general meeting, given a general mandate to the directors of the issuer to issue:

- (i) shares; or
- (ii) convertible securities; or
- (iii) additional convertible securities issued pursuant to Rule 829, notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive; or
- (iv) shares arising from the conversion of the securities in (ii) and (iii) notwithstanding that the general mandate may have ceased to be in force at the time the shares are to be issued.

#### **Rule 806(2), SGX Listing Manual**

A general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50.0% of the total number of issued shares excluding treasury shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20.0% of the total number of issued shares excluding treasury shares.

Unless prior shareholder approval is required under the SGX Listing Manual, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

#### **Rule 806(6), SGX Listing Manual**

A general mandate may remain in force until the earlier of the following:—

- (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution. By an ordinary resolution passed at that meeting, the mandate may be renewed, either unconditionally or subject to conditions; or
- (b) it is revoked or varied by ordinary



the issuer to add such repurchased securities to the 20% general mandate.

A general mandate to directors to issue and allot shares shall only continue in force until (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse, unless such mandate is renewed by ordinary resolution passed at that meeting; or (b) revoked or varied by ordinary resolution of the shareholders at general meeting, whichever occurs first.

#### **Rule 13.36(5), HK Listing Rules: Placing of Securities for Cash**

In the case of a placing of securities for cash consideration, the issuer may not issue any securities pursuant to a general mandate given under Rule 13.36 (2)(b) if the relevant price represents a discount of 20% or more to the benchmarked price of the securities, such benchmarked price being the higher of:–

- (a) the closing price on the date of the relevant placing agreement or other agreement involving the proposed issue of securities under the general mandate; and
- (b) the average closing price in the five (5) trading days immediately prior to the earlier of:–
  - (i) the date of the announcement of the placing or the proposed transaction or arrangement involving the proposed issue of securities under the general mandate;
  - (ii) the date of the placing agreement or other agreement involving the proposed issue of securities under the general mandate; and
  - (iii) the date on which the placing or subscription price is fixed,

unless the issuer can satisfy the SEHK that it is in a serious financial position and that the only way it can be saved is by an urgent rescue operation which involves the issue of new securities at a price representing a discount of 20% or more to the benchmarked price of the securities or that there are other exceptional circumstances. The issuer shall provide the SEHK with detailed information on the allottees to be issued with securities under the general mandate.

resolution of the shareholders in general meeting.

#### **Specific Mandate Rule 824, SGX Listing Manual**

Every issue of company warrants or other convertible securities not covered under a general mandate must be specifically approved by shareholders in general meeting.

#### **Issue of Shares, Company Warrants and Convertible Securities For Cash (Other than Rights Issues)**

##### **Rule 811, SGX Listing Manual**

(1) An issue of shares must not be priced at more than 10.0% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the placement or subscription agreement is signed. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement agreement is signed.

##### **Rule 811(2): Issuance of warrants and other convertible securities Rule 811(2), SGX Listing Manual**

An issue of company warrants or other convertible securities is subject to the following requirements:–

- (a) if the conversion price is fixed, the price must not be more than 10.0% discount to the prevailing market price of the underlying shares prior to the signing of the placement or subscription agreement; and
- (b) if the conversion price is based on a formula, any discount in the pricefixing formula must not be more than 10.0% of the prevailing market price of the underlying shares before conversion.

##### **Rule 811(3), SGX Listing Manual**

Rules 811(1) and (2) are not applicable if specific shareholder approval is obtained for the issue of shares, company warrants or other convertible securities.

### **Rule 15.02, HK Listing Rules: Options, Warrants and Similar Rights**

All warrants must, prior to the issue or grant thereof, be approved by the SEHK and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting. In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the SEHK will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:

- (a) the securities to be issued on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20.0% of the number of issued shares of the issuer at the time such warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 of the HK Listing Rules are excluded for the purpose of this limit ; and
- (b) such warrants must expire not less than one (1) and not more than five (5) years from the date of issue or grant and must not be convertible into further rights to subscribe securities which expire less than one (1) year or more than five (5) years after the date of issue or grant of the original warrants.

### **Rule 15.03, HK Listing Rules**

The circular or notice to be sent to shareholders convening the requisite meeting under Rule 15.02 must include, at least, the maximum number of securities which could be issued on exercise of the warrants, the period during which the warrants may be exercised and the date when this right commences, the amount payable on the exercise of the warrants, the arrangements for transfer or transmission of the warrants, the rights of the holders on the liquidation of the issuer, the arrangements for the variation in the subscription or purchase price or number of securities to take account of alterations to the share capital of the issuer, the rights (if any) of the holders to participate in any distributions and/or offers of further securities

### **Rule 811(4), SGX Listing Manual**

Where specific shareholders' approval is sought, the circular must include the following:-

- (a) information required under Rule 810 of the SGX Listing Manual; and
- (b) the basis upon which the discount was determined.

### **Rule 824, SGX Listing Manual**

Every issue of company warrants or other convertible securities not covered under a general mandate (Rule 806, SGX Listing Manual) must be specifically approved by shareholders in general meeting.

### **Rule 825, SGX Listing Manual**

In procuring the approval of shareholders in a general meeting, the circular to the shareholders must include the recommendations of the board of directors of the issuer on such an issue of company warrants or convertible securities and the basis for such recommendation(s).

### **Rule 826, SGX Listing Manual**

If application is made for the listing of company warrants or other convertible securities, the SGX-ST will normally require a sufficient spread of holdings to provide for an orderly market in the securities. As a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants.

### **Rule 827, SGX Listing Manual**

Company warrants or other convertible securities may be listed only if the underlying securities are (or will become at the same time) one of the following:-

- (1) a class of equity securities listed on the SGX-ST; or
- (2) a class of equity securities listed or dealt in on a stock market approved by the SGX-ST.

### **Rule 828, SGX Listing Manual**

Each company warrant must:-

- (1) give the registered holder the right to subscribe for or buy one (1) share in the total number of issued shares excluding treasury shares of the issuer; and

made by the issuer, and a summary of any other material terms of the warrants.

(2) not be expressed in terms of dollar value.

#### **Rule 829, SGX Listing Manual**

The terms of the issue must provide for:–

- (1) adjustment to the exercise or conversion price and, where appropriate, the number of company warrants or other convertible securities, in the event of rights, bonus or other capitalisation issues;
- (2) the expiry of the company warrants or other convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants or other convertible securities at least one (1) month before the expiration date; and
- (3) any material alteration to the terms of company warrants or other convertible securities after issue to the advantage of the holders of such securities to be approved by shareholders, except where the alterations are made pursuant to the terms of the issue.

#### **Rule 830, SGX Listing Manual**

An issuer must announce any adjustment made pursuant to Rule 829(1).

#### **Rule 831, SGX Listing Manual**

Except where the alterations are made pursuant to the terms of an issue, an issuer must not:–

- (i) extend the exercise period of an existing company warrant;
- (ii) issue a new company warrant to replace an existing company warrant;
- (iii) change the exercise price of an existing company warrant; or
- (iv) change the exercise ratio of an existing company warrant.

#### **Rule 832, SGX Listing Manual**

A circular or notice to be sent to shareholders in connection with a general meeting to approve the issue of company warrants or other convertible securities must include at least the following information:–

- (1) the maximum number of the underlying securities which would be issued or transferred on exercise or conversion of the company warrants or other convertible securities;
- (2) the period during which the company warrants or other convertible securities may be exercised and the dates when this

- right commences and expires;
- (3) the amount payable on the exercise of the company warrants or other convertible securities;
- (4) the arrangement for transfer or transmission of the company warrants or other convertible securities;
- (5) the rights of the holders on the liquidation of the issuer;
- (6) the arrangements for the variation in the subscription or purchase price and in the number of company warrants or other convertible securities in the event of alterations to the share capital of the issuer;
- (7) the rights (if any) of the holders to participate in any distributions and/or offers of further securities made by the issuer;
- (8) a summary of any other material terms of the company warrants or other convertible securities;
- (9) the purpose for and use of proceeds of the issue, including the use of future proceeds arising from the conversion/exercise of the company warrants or other convertible securities; and
- (10) the financial effects of the issue to the issuer.

#### **Rules 7.19(6), HK Listing Rules: Rights Issue**

If the proposed rights issue would increase either the number of issued shares or the market capitalisation of the issuer by more than 50.0% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the twelve (12) month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such twelve (12) month period where dealing in respect of the shares issued pursuant thereto commenced within such twelve (12) month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):

- (a) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective

#### **Chapter 8 Part V: Rights Issue**

##### **Rule 814, SGX Listing Manual**

- (1) An issuer which intends to make a right issue must announce (having regard to Rule 704(25)) the issue promptly, stating the following:—
  - (a) price, terms and purpose of the issue, including the amount of proceeds proposed to be raised from the issue and the intended use of such proceeds on a percentage allocation basis (which could be expressed as a range if the exact allocation has not been determined);
  - (b) whether the issue will be underwritten;
  - (c) the financial circumstances which call for the issue; and
  - (d) whether it has obtained or will be seeking the approval of the SGX-ST for the listing and quotation of the new shares arising from the rights issue.

In addition, an issuer must observe the disclosure requirements in Appendix 8.2 of the SGX Listing Manual.

associates shall abstain from voting in favour. The issuer must disclose the information required under Rule 2.17 of the HK Listing Rules in the circular to shareholders;

- (b) the issuer shall set out in the circular to shareholders the purpose of the proposed rights issue, together with the total funds expected to be raised and a detailed breakdown and description of the proposed use of the proceeds. The issuer shall also include the total funds raised and a detailed breakdown and description of the funds raised on any issue of equity securities in the twelve (12) months immediately preceding the announcement of the proposed rights issue, the use of such proceeds, the intended use of any amount not yet utilised and how the issuer has dealt with such amount; and
- (c) the SEHK reserves the right to require the rights issue to be fully underwritten.

- (2) If a rights issue involves an issue of convertible securities, the issuer must also comply with Part VI of Chapter 8 of the SGX Listing Manual.

#### **Rule 815, SGX Listing Manual**

An issuer must announce any significant disbursement of the proceeds raised from the rights issue.

#### **Rule 816, SGX Listing Manual**

- (1) Subject to Rule 816(2), a rights issue must provide for the rights to subscribe for securities to be renounceable in part or in whole in favour of a third party at the option of the entitled shareholders.
- (2) (a) An issuer can undertake nonrenounceable rights issues:
  - (i) subject to specific shareholders' approval; or
  - (ii) in reliance on the general mandate to issue rights shares in a nonrenounceable rights issue if the rights shares are priced at not more than 10.0% discount to the weighted average price for trades done on the SGX-ST for the full market day on which the rights issue is announced. If trading in the issuer's shares is not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the rights issue is announced.
- (b) The non-renounceable rights issue must comply with Part V of Chapter 8 of the SGX Listing Manual except Rule 816(1).

#### **Rule 823, SGX Listing Manual**

An issuer making a rights issue must observe any time-table published by the SGX-ST.

#### **Rule 833, SGX Listing Manual**

The following additional requirements apply to an offer of company warrants or other convertible securities by way of a rights issue or bought deal:–

- (1) The issuer's announcement of the rights issue or bought deal must include either:–
  - (a) the exercise or conversion price of

- the company warrants or other convertible securities; or
  - (b) a price-fixing formula to determine the exercise or conversion price. The pricefixing formula must not contain any discretionary element and the amount of premium or discount (in relation to the underlying share price) must be specified.
- (2) Where a price-fixing formula is adopted:–
- (a) if the issue is not underwritten, the issuer must fix and announce the exercise or conversion price before the close of the offer; or
  - (b) if the issue is underwritten, the issuer must fix and announce the exercise or conversion price before the commencement of nilpaid rights trading.

### **Rule 17.03, HK Listing Rules: Terms of Share Option Schemes**

The terms and provisions of the scheme must provide, *inter alia*:

- (i) the total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10.0% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme – the limit on the number of securities which may be issued upon exercise of all outstanding options granted and yet to be exercised under the scheme and any other schemes must not exceed 30.0% of the relevant class of securities of the listed issuer (or the subsidiary) in issue from time to time. No options may be granted under any schemes of the listed issuer (or the subsidiary) if this will result in the limit being exceeded. The period within which the securities must be taken up under the option, which must not be more than ten (10) years from the date of grant of the option, and the life of the scheme, which must not be more than 10 years;
- (ii) the maximum entitlement of each participant under the scheme (including both exercised and outstanding options) in any twelve

### **Share Option Schemes or Share Schemes**

#### **Rule 844, SGX Listing Manual**

Participation in a scheme must be restricted to directors and employees of the issuer and its subsidiaries, except that:–

- (1) directors and employees of an associated company of the issuer may participate in the scheme if the issuer has control over the associated company; and
- (2) directors and employees of the issuer's parent company and its subsidiaries who have contributed to the success and development of the issuer may participate in the scheme.

#### **Rule 845, SGX Listing Manual**

A limit on the size of each scheme, the maximum entitlement for each class or category of participant (where applicable), and the maximum entitlement for any one (1) participant (where applicable) must be stated.

For SGX main board issuers, the following limits must not be exceeded:–

- (1) the aggregate number of shares available under all schemes must not exceed 15.0% of the total number of issued shares excluding treasury shares from time to time;
- (2) the aggregate number of shares available to controlling shareholder and their associates must not exceed 25.0% of the shares available under a scheme;
- (3) the number of shares available to each controlling shareholder or his associate

- (12) month period must not exceed 1.0% of the relevant class of securities of the issuer (or the subsidiary) in issue (unless approved by shareholders);
- (iii) the basis of determination of the exercise price – the exercise price of the scheme, which must be at least the higher of: (i) the closing price of the securities as stated in SEHK's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the securities as stated in SEHK's daily quotations sheets for the five (5) business days immediately preceding the date of grant. For the purpose of calculating the exercise price where an issuer has been listed for less than five (5) business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

#### **Section 270 of the SFO: Insider dealing**

In general terms, subject to the specified exempted circumstances, Section 270 of the SFO prohibits persons from dealing in listed securities (or their derivatives) of a corporation, or otherwise counsels or procures another person to deal in such listed shares (or their derivatives) when such person is connected with the corporation and has information which he knows is relevant information in relation to the corporation.

#### **Section 278 of the SFO: Stock Market Manipulation**

Section 278 of the SFO prohibits persons in Hong Kong or elsewhere from:

- (a) entering into or carrying out, directly or indirectly, two (2) or more transactions in securities of a corporation that by themselves or in conjunction with any other transaction increase, or are likely to increase, the price of any securities traded on a relevant recognised market or by means of authorised automated trading services, with the intention of inducing another person to purchase or subscribe for, or to refrain from selling, securities of the corporation or of a related corporation of the corporation;

- must not exceed 10.0% of the shares available under a scheme;
- (4) the aggregate number of shares available to directors and employees of the issuer's parent company and its subsidiaries must not exceed 20.0% of the shares available under a scheme; and
- (5) the maximum discount under the scheme must not exceed 20.0%. The discount must have been approved by shareholders in a separate resolution.

#### **Sections 218 and 219, SFA**

Sections 218 and 219 of the Singapore SFA prohibit persons from dealing in securities of a corporation if any such person knows or reasonably ought to know that he is in possession of information that is not generally available, and if it was generally available it might have a material effect on the price or value of securities of that corporation.

Such persons include:–

- (1) officers of a corporation or a related corporation;
- (2) substantial shareholders of a corporation or a related corporation; and
- (3) a person who occupies a position reasonably expected to give him access to inside information by virtue of:–
  - any professional or business relationship existing between himself (or his employer or a corporation of which he is an officer) and that corporation or a related corporation; or
  - being an officer of a substantial shareholder in that corporation or in a related corporation.

#### **Securities Market Manipulation**

##### **Section 198(1), SFA**

No person shall effect, take part in, be concerned in or carry out, directly or indirectly, two (2) or more transactions in securities of a corporation, being transactions that have or are likely to have the effect of raising, lowering, maintaining, or stabilising the price of the securities with intent to induce other persons to subscribe for, purchase or sell securities of the corporation or of a related corporation.

- (b) entering into or carrying out, directly or indirectly, two (2) or more transactions in securities of a corporation that by themselves or in conjunction with any other transaction reduce, or are likely to reduce, the price of any securities traded on a relevant recognized market or by means of authorized automated trading services, with the intention of inducing another person to sell, or to refrain from purchasing, securities of the corporation or of a related corporation of the corporation; or
- (c) entering into or carrying out, directly or indirectly, two (2) or more transactions in securities of a corporation that by themselves or in conjunction with any other transaction maintain or stabilise, or are likely to maintain or stabilise, the price of any securities traded on a relevant recognised market or by means of authorised automated trading services, with the intention of inducing another person to sell, purchase or subscribe for, or to refrain from selling, purchasing or subscribing for, securities of the corporation or of a related corporation of the corporation.

Section 278 of the SFO prohibits persons in Hong Kong from:

- (a) entering into or carrying out, directly or indirectly, two (2) or more transactions in securities of a corporation that by themselves or in conjunction with any other transaction increase, or are likely to increase, the price of any securities traded on a relevant overseas market, with the intention of inducing another person to purchase or subscribe for, or to refrain from selling, securities of the corporation or of a related corporation of the corporation;
- (b) entering into or carrying out, directly or indirectly, two (2) or more transactions in securities of a corporation that by themselves or in conjunction with any other transaction reduce, or are likely to reduce, the price of any securities traded on a relevant overseas market, with the intention of



- inducing another person to sell, or to refrain from purchasing, securities of the corporation or of a related corporation of the corporation; or
- (c) entering into or carrying out, directly or indirectly, two (2) or more transactions in securities of a corporation that by themselves or in conjunction with any other transaction maintain or stabilise, or are likely to maintain or stabilise, the price of any securities traded on a relevant overseas market, with the intention of inducing another person to sell, purchase or subscribe for, or to refrain from selling, purchasing or subscribing for, securities of the corporation or of a related corporation of the corporation.

### **Rules 3.10 and 8.12, HK Listing Rules: Board Composition**

Every board of directors of an issuer must include at least three (3) independent non-executive director; and at least one (1) of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise.

A new applicant applying for a primary listing on SEHK must have sufficient management presence in Hong Kong, which normally means that at least two (2) of its executive directors must be ordinarily resident of Hong Kong.

### **Rules 3.21, 3.22 and paragraph C.3 of Appendix 14, HK Listing Rules: Audit Committee**

Every listed issuer must establish an audit committee comprising non-executive directors only. The audit committee must comprise a minimum of three (3) members, at least one (1) of whom is an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise. The majority of the audit committee members must be independent non-executive directors of the listed issuer. The audit committee must be chaired by an independent non-executive director.

The board of directors of the listed issuer must approve and provide written terms of reference for the audit committee as required

### **Board composition**

#### **Audit Committee**

#### **Rule 12 of the Code of Corporate Governance (“COCG”)**

The board of directors (“**Board**”) should establish an audit committee (“**AC**”) with written terms of reference which clearly set out its authority and duties.

#### **Rule 12.1, COCG**

The AC should comprise at least three (3) directors, all non-executive, the majority of whom including the chairman should be independent. All of the members of the AC should be non-executive directors.

#### **Rule 12.2, COCG**

The Board should ensure that the members of the AC are appropriately qualified to discharge their responsibilities. At least two (2) members of the AC, including the chairman, should have accounting or related financial management expertise or experience, as the board of directors interprets such qualification in its business judgement.

under Rule 3.21 and paragraph C.3 of Appendix 14 to the HK Listing Rules.

#### **Rules 3.25, 3.26 and paragraph B.1 of Appendix 14, HK Listing Rules: Remuneration Committee**

An issuer must establish a remuneration committee chaired by an independent nonexecutive director and comprising a majority of independent non-executive directors.

The board of directors must approve and provide written terms of reference for the remuneration committee which clearly establish its authority and duties, including the terms of references set out in paragraph B.1.2 of Appendix 14 to the HK Listing Rules.

#### **Paragraphs A.5.1 and A.5.2 of Appendix 14 of the HK Listing Rules: Nomination Committee**

Issuers should establish a nomination committee which is chaired by the chairman of the board or an independent nonexecutive director and comprises a majority of independent non-executive directors.

The nomination committee should be established with specific written terms of reference which deal clearly with its authority and duties.

### **Interested Person Transactions or Connected Transactions**

#### **Chapter 14A of the HK Listing Rules: (Connected Transactions)**

Chapter 14A of the HK Listing Rules specifies circumstances in which transactions between an issuer and certain specified persons (including connected persons) are, unless otherwise exempted, subject to the shareholders' approval, annual review and disclosure requirements.

#### **Rules 14A.07 and 14A.24, HK Listing**

#### **Remuneration Committee Rule 7, COCG**

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

#### **Rule 7.1, COCG**

The Board should establish a Remuneration Committee ("RC") with written terms of reference which clearly set out its authority and duties. The RC should comprise at least three (3) directors, the majority of whom, including the chairman, should be independent. All of the members of the RC should be non-executive directors.

#### **Nominating Committee**

#### **Rule 4, COCG**

There should be a formal and transparent process for the appointment and reappointment of directors to the Board.

#### **Rule 4.1, COCG**

The Board should establish a nominating committee ("NC") to make recommendations to the Board on all board appointments, with written terms of reference which clearly set out its authority and duties. The NC should comprise at least three (3) directors, the majority of whom, including the chairman, should be independent. The lead independent director, if any, should be a member of the NC.

#### **Chapter 9, SGX Listing Manual**

Chapter 9 of the SGX Listing Manual, which applies to the Company, prescribes situations in which transactions between entities at risk (as defined in the SGX Listing Manual) and interested persons (as defined in the SGX Listing Manual) are required to be disclosed or are subject to the prior approval of shareholders.

#### **Rule 904, SGX Listing Manual**

## Rules:

“Connected person” is defined to include a director, chief executive or substantial shareholder of the listed issuer or any of its subsidiaries; any person who was a director of the listed issuer or any of its subsidiaries in the last twelve (12) months; a supervisor of a PRC issuer or any of its subsidiaries; an associate of the respective persons as aforesaid; a connected subsidiary; or a person deemed to be connected by the SEHK.

“Financial assistance” includes granting credit, lending money, or providing an indemnity against obligations under a loan, or guaranteeing or providing security for a loan;

“Transactions” include both capital and revenue nature transactions, whether or not conducted in the ordinary and usual course of business of the listed issuer’s group. This includes the following types of transactions:–

- (a) any acquisition or disposal of assets by a listed issuer’s group including a deemed disposal;
- (b) any transaction involving a listed issuer’s group granting, accepting, transferring, exercising or terminating an option to acquire or dispose of assets or to subscribe for securities; or the issuer’s group deciding not to exercise an option to acquire or dispose of assets or to subscribe for securities;
- (c) entering into or terminating finance leases or operating leases or subleases;
- (d) granting an indemnity or providing or receiving financial assistance;
- (e) entering into an agreement or arrangement to set up a joint venture entity in any form, such as a partnership or a company, or any other form of joint arrangement;
- (f) issuing new securities of the listed issuer or its subsidiaries;
- (g) providing, receiving or sharing services ; or
- (h) acquiring or providing raw materials, intermediate products and/or finished goods.

For the purposes of Chapter 9, the following definitions apply:–

- (1) “approved exchange” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9;
- (2) “entity at risk” means:–
  - (a) the issuer;
  - (b) a subsidiary of the issuer that is not listed on the SGX-ST or an approved exchange; or
  - (c) an associated company of the issuer that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company.
- (3) “financial assistance” includes:–
  - (a) the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and
  - (b) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another.
- (4) “interested person” means:–
  - (a) a director, chief executive officer, or controlling shareholder of the issuer; or
  - (b) an associate of any such director, chief executive officer, or controlling shareholder.
- (5) “interested person transaction” means a transaction between an entity at risk and an interested person.
- (6) “transaction” includes:–
  - (a) the provision or receipt of financial assistance;
  - (b) the acquisition, disposal or leasing of assets;
  - (c) the provision or receipt of services;
  - (d) the issuance or subscription of securities;
  - (e) the granting of or being granted options; and
  - (f) the establishment of joint ventures or joint investments;

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

### **Rules 14A.35 to 14A.37, 14A.49, 14A.71, 14A.76, HK Listing Rules: Reporting, Announcement and Independent Shareholders' Approval Requirements for Connected Transactions**

#### Rules 14A.35, 14A.36 and 14A.46

Where any connected transaction is proposed, the transaction must be announced as soon as practicable after its terms have been agreed and a circular must be sent to shareholders giving information about the transaction. Prior approval of the shareholders in general meeting will be required before the transaction can proceed, unless it is otherwise exempted under the HK Listing Rules.

#### Rules 14A.37, 14A.73, 14A.76

Certain categories of transactions are exempt from the general meeting requirement and accept a written shareholder's approval, and certain transactions are subject only to disclosure requirements. Amongst other exemptions under the HK Listing Rules include a connected transaction on normal commercial terms which constitutes a de minimis transaction under Rule 14A.76(1), which will be exempt from shareholders' approval annual review and all disclosure requirements, where each of the percentage ratios (other than the profits ratio) is less than 0.1% or less than 1.0% (where the connected transaction only involves a connected person at the issuer's subsidiary's level), or each of the percentage ratios (other than the profits ratio) is less than 5.0% and the total consideration is less than HK\$3,000,000.

### **Rules 14A.49, 14A.71, HK Listing Rules: Reporting Requirements**

The listed issuer's annual report must contain the following information on the connected transactions conducted in that financial year (including continuing connected transactions under agreements signed in previous years):

- (a) the transaction date;
- (b) the parties to the transaction and a description of their connected relationship;
- (c) a brief description of the transaction and its purpose;
- (d) the total consideration and terms;
- (e) the nature and extent of the connected person's interest in the transaction; and
- (f) for continuing connected transactions,

### **When Announcement Required Rule 905, SGX Listing Manual**

- (1) An issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3.0% of the group's latest audited net tangible assets.
- (2) If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3.0% or more of the group's latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.
- (3) Rules 905 (1) and (2) do not apply to any transaction below \$100,000.

### **When Shareholder Approval Required Rule 906, SGX Listing Manual**

- (1) an issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:-
  - (a) 5.0% of the group's latest audited net tangible assets; or
  - (b) 5.0% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.
- (2) Rule 906(1) does not apply to any transaction below \$100,000.

### **Rule 907, SGX Listing Manual**

An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the prescribed format.

### **Rule 920, SGX Listing Manual**

- i. a confirmation from the listed issuer's independent nonexecutive directors on the matters set out in Rule 14A.55; and
  - ii. a statement from the listed issuer's board of directors whether the auditors have confirmed the matters set out in Rule 14A.56.
- (1) An issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.
- (a) An issuer must:–
    - (i) disclose the general mandate in the annual report, giving details of the aggregate value of transactions conducted pursuant to the general mandate during the financial year in the prescribed format; and
    - (ii) announce the aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on pursuant to Rule 705 within the time required for the announcement of such report.
  - (b) A circular to shareholders seeking a general mandate must include:–
    - (i) the class of interested persons with which the entity at risk will be transacting;
    - (ii) the nature of the transactions contemplated under the mandate;
    - (iii) the rationale for and benefit to the entity at risk;
    - (iv) the methods or procedures for determining transaction prices;
    - (v) the independent financial adviser's opinion on whether the methods or procedures in (iv) are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;
    - (vi) an opinion from the audit committee if it takes a different view to the independent financial adviser;

- (vii) a statement from the issuer that it will obtain a fresh mandate from shareholders if the methods or procedures in (iv) become inappropriate; and
  - (viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.
- (c) An independent financial adviser's opinion is not required for the renewal of a general mandate provided that the audit committee confirms that:-
- (i) the methods or procedures for determining the transaction prices have not changed since last shareholder approval; and
  - (ii) the methods or procedures in Rule 920(1)(c)(i) of the SGX Listing Manual are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders.
- (d) Transactions conducted under a general mandate are not separately subject to Rules 905 and 906 of the SGX Listing Manual.

**Rule 14A.81, HK Listing Rules:  
Aggregation of Transactions**

The SEHK will aggregate a series of connected transactions and treat them as if they were one (1) transaction if they were all entered into or completed within a twelve (12) month period or are otherwise related. The listed issuer must comply with the applicable connected transaction requirements based on the classification of the connected transactions when aggregated. The aggregation period will cover twenty-four (24) months if the connected transactions are a series of acquisitions of assets being aggregated which may constitute a reverse takeover.

**Rule 14A.82, HK Listing Rules:  
Aggregation of Transactions**

**Rule 908, SGX Listing Manual**

In interpreting the term "same interested person" for the purpose of aggregation in Rules 905 and 906 of the SGX Listing Manual, the following applies:-

- (1) Transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.
- (2) If an interested person, (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors

Factors that the SEHK will consider for aggregation of a series of connected transactions include whether:

- (a) they are entered into by the listed issuer's group with the same party, or parties who are connected with one another;
- (b) they involve the acquisition or disposal of parts of one asset, or securities or interests in a company or group of companies; or
- (c) they together lead to substantial involvement by the listed issuer's group in a new business activity.

**Rule 14A.83, HK Listing Rules: Aggregation of Transactions**

The SEHK may aggregate all continuing connected transactions with a connected person.

**Rule 14A.84, HK Listing Rules: Aggregation of Transactions**

The listed issuer must consult the SEHK before the listed issuer's group enters into any connected transaction if:

- (a) the transaction and any other connected transactions entered into or completed by the listed issuer's group in the last twelve (12) months fall under any of the circumstances described in Rule 14A.82; or
- (b) the transaction and any other transactions entered into by the listed issuer's group involve the acquisition of assets from a person or group of persons or any of their associates within twenty-four (24) months after the person(s) gain control (as defined in the HK Takeovers Code) of the listed issuer.

**Rule 14A.85, HK Listing Rules: Aggregation of Transactions**

The listed issuer must provide information to the SEHK on whether it should aggregate the transactions.

**Rule 14A.86, HK Listing Rules: Aggregation of Transactions**

The SEHK may aggregate a listed issuer's connected transactions even if the listed issuer has not consulted the SEHK.

**Rules 14A.76, 14A.89, 14A.92 to 14A.95,**

are different and are not accustomed to act on the instructions of the other interested persons and their associates and have audit committees whose members are completely different.

**Rule 918, SGX Listing Manual**

If a transaction requires shareholder approval, it must be obtained either prior to the transaction being entered into or, if the transaction is expressed to be conditional on such approval, prior to the completion of the transaction.

**Rule 919, SGX Listing Manual**

In a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.

**Exceptions**

#### **14A.97 to 14A.101, HK Listing Rules: Exemptions**

The connected transactions which can be exempt from the connected transaction requirements include:–

- (a) de minimis transactions;
- (b) financial assistance;
- (c) issue of new securities by the listed issuer or its subsidiary if (i) the connected person receives a pro rata entitlement to the issue as a shareholder; (ii) the connected person subscribes for the securities in a rights issue or open offer; (iii) the securities are issued to the connected person under a share option scheme; or (iv) the securities are issued under a “top-up placing and subscription”;
- (d) SEHK dealings;
- (e) any buy-back of own securities by a listed issuer or its subsidiary from a connected person on SEHK or a recognised stock exchange or under a general offer made under the Code on Share Buy-backs;
- (f) the entering into of a service contract by a director of the listed issuer with the listed issuer or its subsidiary;
- (g) the buying as customer or selling consumer goods or services to a connected person on normal commercial terms or better in its ordinary and usual course of business if such goods and services are (i) of a type ordinarily supplied for private use or consumption, (ii) for the acquirer’s own consumption or use, (iii) consumed or used by the acquirer in the same state as when they were acquired (iv) acquired on terms no more favourable to the connected person or no less favourable to the listed issuer’s group than those available from independent third parties;
- (8) the sharing of administrative services between a listed issuer and a connected person on a cost basis;
- (9) transactions with associates of passive investors; and
- (10) transactions with connected persons at the subsidiary level.

#### **Rule 915, SGX Listing Manual**

The following transactions are not required to comply with Rules 905, 906 and 907 of the SGX Listing Manual:–

- (1) a payment of dividends, a subdivision of shares, an issue of securities by way of a bonus issue, a preferential offer, or an off-market acquisition of the issuer’s shares, made to all shareholders on a pro-rata basis, including the exercise of rights, options or company warrants granted under the preferential offer;
- (2) the grant of options, and the issue of securities pursuant to the exercise of options, under an employees’ share option scheme approved by the SGXST;
- (3) a transaction between an entity at risk and an investee company, where the interested person’s interest in the investee company, other than that held through the issuer, is less than 5.0%;
- (4) a transaction in marketable securities carried out in the open market where the counterparty’s identity is unknown to the issuer at the time of the transaction;
- (5) a transaction between an entity at risk and an interested person for the provision of goods or services if:–
  - (a) the goods or services are sold or rendered based on a fixed or graduated scale, which is publicly quoted; and
  - (b) the sale prices are applied consistently to all customers or class of customers.

Such transactions include telecommunication and postal services, public utility services, and sale of fixed price goods at retail outlets.

- (6) the provision of financial assistance or services by a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business;
- (7) the receipt of financial assistance or services from a financial institution that is licensed or approved by the Monetary Authority of Singapore, on normal commercial terms and in the ordinary course of business;
- (8) director’s fees and remuneration, and employment remuneration (excluding “golden parachute” payments).

#### **Rule 916, SGX Listing Manual**



The following transactions are not required to comply with Rule 906 of the SGX Listing Manual:–

- (1) the entering into, or renewal of a lease or tenancy of real property of not more than three (3) years if the terms are supported by independent valuation;
- (2) investment in a joint venture with an interested person if:–
  - (a) the risks and rewards are in proportion to the equity of each joint venture partner;
  - (b) issuer confirms by an announcement that its audit committee is of the view that the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders; and
  - (c) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture.
- (3) The provision of a loan to a joint venture with an interested person if:–
  - (a) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
  - (b) the interested person does not have an existing equity interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
  - (c) the issuer confirms by an announcement that its audit committee is of the view that:
    - (i) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and
    - (ii) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.
- (4) the award of a contract by way of public tender to an interested person if:–
  - (a) the awarder entity at risk announces the following information:–

- (i) the prices of all bids submitted;
  - (ii) an explanation of the basis for selection of the winning bid; and
- (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, its listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.
- (5) the receipt of a contract which was awarded by way of public tender, by an interested person if:–
- (a) the bidder entity at risk announces the prices of all bids submitted; and
  - (b) both the listed bidder (or if the bidder is unlisted, its listed parent company) and listed awarder (or if the awarder is unlisted, the listed parent company) have boards, the majority of whose directors are different and are not accustomed to act on the instructions of the interested person or its associates and have audit committees whose members are completely different.

## **RESTRICTIONS ON DEALINGS OF DIRECTORS BEFORE PUBLICATION OF THE FINANCIAL RESULTS**

### **Rules A3, B8 and C14 of Appendix 10, HK Listing Rules**

#### Rule A3

A director must not deal in any securities of the listed issuer on any day on which its financial results are published and:–

- (i) during the period of sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) during the period of thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results,

### **Rule 1207(19)(c), SGX Listing Manual**

A listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two (2) weeks before the announcement of the company financial statements for each of the first three (3) quarters of its financial year and one (1) month before the announcement of the company's full year financial statements (if required to announce quarterly financial statements), or one (1) month before the announcement of the company's half year and full year financial statements (if not required to announce quarterly financial statements).

unless the circumstances are exceptional as described in Rule C14 below. In any event, the director must comply with the procedure in the Rules B.8 and B.9 of the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Directors Dealing Code**”).

The listed issuer must notify the SEHK in advance of the commencement of each period during which directors are not allowed to deal under Rule A3. Such period will cover any period of delay in the publication of a results announcement.

#### Rule C14

If a director proposes to sell or otherwise dispose of securities of the listed issuer under exceptional circumstances where the sale or disposal is otherwise prohibited under the Directors Dealing Code, the director must comply with the provisions of the Rule B8 of the Directors Dealing Code regarding prior written notice and acknowledgement. The director must satisfy the chairman or the designated director that the circumstances are exceptional and the proposed sale or disposal is the only reasonable course of action available to the director before the director can sell or dispose of the securities. The listed issuer shall give written notice of such sale or disposal to SEHK as soon as practicable stating why it considered the circumstances to be exceptional. The listed issuer shall publish an announcement in accordance with Rule 2.07C of the HK Listing Rules immediately after any such sale or disposal and state that the chairman or the designated director is satisfied that there were exceptional circumstances for such sale or disposal of securities by the director.

#### Rule B8

Under the Directors Dealing Code, a director must not deal in any securities of the listed issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. In his own case, the chairman must first notify the board at a board meeting, or alternatively notify a director (otherwise than himself) designated by the board for the purpose and receive a dated written acknowledgement before any dealing. The designated director must not deal in any securities of the listed issuer without first notifying the chairman and receiving a dated written acknowledgement.

In each case, (a) a response to a request for clearance to deal must be given to the relevant director within five (5) business days of the request being made; and (b) the clearance to deal in accordance with (a) above must be valid for no longer than five (5) business days of clearance being received.

#### Rule B9

The procedure established within the listed issuer must, as a minimum, provide for there to be a written record maintained by the listed issuer that the appropriate notification was given and acknowledged pursuant to Rule B8 of the Directors Dealing Code, and for the director concerned to have received written confirmation to that effect.

## **B. TAKEOVER OBLIGATIONS**

### **1. The Singapore Code on Take-over and Mergers (the “Singapore Takeovers Code”)**

The Singapore Takeovers Code regulates the acquisition of ordinary shares of public companies and contains certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the Company’s voting Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the Company’s voting Shares, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of the Company’s voting Shares in any six month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Takeovers Code.

“Persons acting in concert” comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of Shares in a company, to obtain or consolidate effective control of that company. Without prejudice to the general application of this definition, the following individuals and companies are presumed to be acting in concert with each other (unless the contrary is established). They are as follows:

- a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- a financial or other professional adviser and its clients in respect of Shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client’s equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six (6) months preceding the acquisition of Shares that triggered the mandatory offer obligation.

Under the Singapore Takeovers Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

Following the conclusion of an offer, pursuant to section 215 of the Singapore Companies Act, if an offeror acquires 90.0% of the shares of the offeree company, it may, by notice to the dissenting shareholders, sell its shares to it. In calculating the 90% threshold, shares held or acquired by the Offeror, its related corporations and their respective nominees are excluded. The notice must be sent within two months of the satisfaction of the 90% threshold. The shareholder whose shares are thus to be acquired may apply to Court for an order that the offeror is not entitled to acquire the shares, or specifying different acquisition. Where an offeror could acquire the holdings of minority shareholders but does not, a minority shareholder may serve a notice requiring the offeror to do so within three (3) months from the date of receipt of notice from offeror of the fact that the offeror has acquired 90% of the shares of the offeree company. The offeror is then obliged to acquire the shareholder's shares on the same terms as the other shares were acquired during the offer.

## **2. The Codes on Takeover and Merger and Share Buy-backs of Hong Kong (the “HK Takeovers Code”)**

Public companies with a primary listing of their equity securities in Hong Kong fall within the regulatory framework of the HK Takeovers Code. The HK Takeovers Code is not legally enforceable. Its purpose is to provide guidelines for companies and their advisers contemplating, or becoming involved in, takeovers and mergers affecting public companies in Hong Kong.

The aim of the HK Takeovers Code is to ensure fair treatment of shareholders affected by takeovers, mergers and share buy-backs. It requires the timely disclosure of adequate information to enable shareholders to make an informed decision as to the merits of any offer. It also provides an orderly framework within which takeovers, mergers and share buy-backs are to be conducted.

The HK Takeovers Code regulates acquisitions of shares (whether by way of takeovers, mergers and share buy-back) in an offeree company, a potential offeree company, or a company in which control may change or be consolidated that is relevant. Control is currently defined as a holding, or aggregate holdings, of 30.0% or more of the voting rights of a company, irrespective of whether that holding or holdings gives de facto control.

The HK Takeovers Code also applies not only to the offeror and the offeree company, but also to those persons “acting in concert” with the offeror. Under the HK Takeovers Code, “persons acting in concert” are persons who “pursuant to an agreement or understanding (whether formal or informal), actively cooperate to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company”. The HK Takeovers Code also describes classes of persons who are presumed to be acting in concert with others in the same class unless the contrary is established.

The HK Takeovers Code requires the making of a mandatory general offer to holders of each class of equity share capital of the offeree company, whether the class carries voting rights or not, and also to the holders of any class of voting non-equity share capital in which such person, or persons acting in concert with him, hold shares, unless a waiver has been granted by the executive of the Securities and Futures Commission, where a person or a group of persons acting in concert (a) acquires control of a company (meaning 30.0% or more of the voting rights), whether by a series of transactions over a period of time, or not; or (b) when already holding between 30.0% and 50.0% of the voting rights of a company, acquires more than 2.0% of the voting rights in the target company in a twelve (12) month period ending on and inclusive of the date of the relevant acquisition.

In either of the above cases, an offer must be made to the shareholders. The offer must be in cash or accompanied by a cash alternative at not less than the highest price paid by the offeror (or any person acting in concert with it) for shares of that class of the offeree company during the offer period and within six (6) months prior to its commencement.